



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: MARCH 17, 2020**

**FROM: PUBLIC WORKS DEPARTMENT** **WARDS: ALL**

**SUBJECT: FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH R3 CONSULTING GROUP, INC. TO CONDUCT A COMPETITIVE REQUEST FOR PROPOSAL PROCESS FOR SOLID WASTE COLLECTION SERVICES FOR THE RESIDENTIAL AREA CURRENTLY SERVICED BY A PRIVATE HAULER AND FOR ALL COMMERCIAL SERVICES AND COMPLETE A COST-BENEFIT ANALYSIS OF EXPANDING CITY SERVICES IN THE AMOUNT OF \$115,000 FOR A TOTAL CONTRACT COST OF \$264,970**

## **ISSUE:**

Approve First Amendment to Professional Services Agreement with R3 Consulting Group, Inc., of Roseville, California to conduct a competitive request for proposal process for solid waste collection services for the residential area currently serviced by a private hauler and for all commercial services and complete a cost-benefit analysis of expanding City services in the amount of \$115,000 for a total contract cost of \$264,970.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the First Amendment to Professional Services Agreement with R3 Consulting Group, Inc., of Roseville, California to conduct a competitive request for proposal process for solid waste collection services for the residential area currently serviced by a private hauler and for all commercial services and complete a cost-benefit analysis of expanding City services in the amount of \$115,000 for a total contract cost of \$264,970; and
2. Authorize the City Manager, or his designee, to execute the First Amendment to Professional Services Agreement with R3 Consulting Group, Inc., including making minor and non-substantive changes.

## **BACKGROUND:**

On January 8, 2019, the City Council received a report on the Public Works Department Performance Audit, which included a high-level review of solid waste and street sweeping services. Those findings included multiple recommendations relating to the Solid Waste and Street Sweeping divisions, including a recommendation that the City explore/review City street

sweeping and residential waste collection services as compared to contract services with the assistance of a waste management consultant.

## **DISCUSSION:**

On April 23, 2019, R3 was awarded a contract based on Request for Proposal No. 1891 to conduct a comprehensive solid waste and recycling economic and strategy study with a goal of improving Riverside's integrated waste system, ensuring regulatory compliance and to compare City operating costs with private costs for both collection and street sweeping services.

On January 14, 2020, City Council received a report on the findings of the study by R3 and directed staff to do the following:

1. Retain the City collection staff servicing two-thirds of residential customers;
2. Issue a Request for Proposals for Solid Waste collection services for the residential area currently serviced by Burrtec Waste Industries, Inc. and for all commercial services currently serviced by Athens Services, Burrtec Waste Industries, Inc., and CR&R, Inc.; and
3. Explore expanding City services into some or all of the areas currently serviced by private contractors.

R3's original contract outlined optional 'add-on' services as follows:

1. Represent City in contract negotiations with existing haulers
2. Conduct competitive RFP process
3. Assist City in development of RFP Scope Preparation for Street Sweeping Services
4. Assist in Transition to New Services

At that time, it was unknown what specific scope and related costs would be necessary and therefore only cost estimates were provided. The First Amendment includes a scope of services based on City Council's direction on January 14, 2020 with highlights summarized below.

## **RFP Objective**

- Provide the City with several critical options necessary for the City's overall solid waste management system:
  - Modern franchised services that meet legislative compliance requirements;
  - Market based customer rates that reflect current prices; and
  - The ability to use the RFP results for comparison purposes to determine if the City wants to expand its current residential services City-wide, or potentially to provide commercial services

## **Collection Areas**

- The RFP process will focus on two areas:
  - Single-family Collection Services for the portion of the City currently operated by Burrtec; and
  - Commercial Collection Services currently provide by Burrtec, CR&R, and Athens

## Proposer Options

---

- Proposers will be allowed to propose in three ways:
  - Only on residential collection services,
  - Only on commercial collections services or
  - Both residential and commercial services

## R3 Services

---

- Consultant to guide and supplement City staff as follows:
  - Draft minimum requirements for RFP
  - Draft modern Franchise Agreement for City Attorney review to align with Municipal Code updates to meets regulatory requirements
  - Develop a transparent and thorough evaluation process in partnership with the City, including involving stakeholders
  - Analyze expansion of City services
  - Assist in contract negotiations and transition support

## Cost Recovery

---

- **RFP would include industry standard requirement that proposer(s) awarded a Franchise Agreement would reimburse the City's full cost of conducting the RFP process.** In the event no Franchise Agreement is awarded, the cost of RFP development may be a City obligation.

## Proposed Timeline

---

The Scope of Services proposes an aggressive timetable summarized in the table below to meet the objectives outlined by City Council.

Task / Milestone	Estimated Time Frame
• Kick Off	Early April 2020
• Prepare RFP Package and Franchise Agreements	April – July 2020
• Release RFP Package	August 2020
• Proposals Due	October 2020
• Initial Pass/Fail Review	Early November 2020
• Interviews	December 2020
• Complete Evaluation Process	February 2021
• Conduct Cost-Benefit Analysis of Expanding City Services	November 2020 – February 2021
• Presentation of Results to City Council	March 2021
• Conduct negotiations/finalize agreements	April – July 2021
• Franchise Agreement award to City Council (subject to City Council direction)	August 2021
• Transition Period	September 2021 – June 30, 2022
• Begin Residential Collection	July 1, 2022
• Begin Commercial Collection	July 1, 2023

*\*All dates are estimated and subject to change*

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution 23256.

**FISCAL IMPACT:**

The total fiscal impact for R3's contract services is \$264,970. However, the RFP will be written so that upon award of a Franchise Agreement, the City would be reimbursed for the full cost of conducting the RFP process (\$115,000) for a net fiscal impact of \$149,970 (the cost of the original study). In the event no Franchise Agreement is awarded, the cost of RFP development may be a City obligation and the fiscal impact could be up to \$264,970.

Funds are available in the Refuse Fund (540) Solid Waste Collections, professional services account number 4130100-421000.

Prepared by: Kris Martinez, Public Works Director  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachment: First Amendment to Professional Services Agreement with R3 Consulting Group, Inc.